

## REMARKS

Claims 14-29 are currently pending in this case.

In the Office Action mailed on October 6, 2005, the Patent Office asserts that the Response filed by Applicants on June 23, 2005 was not fully responsive because “the Applicant does not discuss how the amendment to claim 14 overcomes the prior art of record.”

The Office Action does not provide any statutory or regulatory support for its assertion of non-responsiveness; Applicants believe that only MPEP 714.04 is potentially relevant. If the Patent Office is relying on some other section of the MPEP, a citation to that section will be appreciated.

MPEP 714.04 (“Claims Presented in Amendment With No Attempt To Point Out Patentable Novelty”) states:

In the consideration of claims in an amended case where no attempt is made to point out the patentable novelty, the claims should not be allowed. See 37 CFR 1.111 and MPEP § 714.02.

An amendment failing to point out the patentable novelty which the applicant believes the claims present in view of the state of the art disclosed by the references cited or the objections made may be held to be not fully responsive and a time period set to furnish a proper reply if the statutory period has expired or almost expired (MPEP Section 714.03). However, if the claims as amended are clearly open to rejection on grounds of record, a final rejection should generally be made.

Thus, MPEP 714.04 says three things: (a) if **claims** are amended and no attempt is made to point out the novelty of those **claims**, the claims should not be allowed; (b) an amendment failing to point out why the **claims** are patentable over the prior art may be held to be not fully responsive; and (c) if the claims as amended are clearly open to rejection on grounds of record, a final rejection should generally be made.

Nothing in MPEP 714.04 says that an applicant has an obligation to discuss how each *amendment* overcomes the prior art of record. An applicant is only obliged to point out why each *claim* is patentable, *not* why each *amendment* overcomes the prior art.

Regarding amended claim 14, Applicants made the following statements in the Response filed June 23, 2005:

Seaman mentions (at par. 0031) having the bond portion “structured to automatically cause the cancellation of the convertibility option at maturity.” But that is cancellation of the embedded option portion of the financial instrument provided to the bond holder – not cancellation of a contingent derivative instrument coupled to a debt security, but purchased by an issuer of the security, not a holder of the security, as indicated by amended **claim 14**.

In any event, Seaman does not teach “a derivative instrument coupled to [a] debt security providing an option to purchase shares at a select price at a future date, wherein said derivative instrument is itself contingent and may be canceled prior to said future date and payment for said derivative instrument is provided on an installment basis, with future payment obligations extinguished upon cancellation,” as required by **claim 14**.

No mention appears to be made in Seaman of the **claim 14** term “installment.” Nor is the term “callspread” (a limitation of claims 18, 19-21, and 26-29) mentioned. Applicants concede that the precise terms used in the claims need not be disclosed in Seaman in order for Seaman to anticipate — equivalent terms could be used. However, the Patent Office has not identified any such equivalent terms.

If the Patent Office continues to assert that Seaman does teach a derivative instrument with all of the limitations of **claim 14**, Applicants respectfully request specific identification of the terms and phrases in Seaman believed to be equivalent to, for example, a contingent derivative instrument paid for on an installment basis, with future payments extinguished upon cancellation. Equivalents of other claim terms (such as “callspread”) also should be specifically identified in Seaman, if Seaman continues to be relied upon.  
(Boldface not in original).

Thus, the June 23 Response clearly points out the patentable novelty which Applicants believe claim 14 presents in view of the state of the art disclosed by the references cited or the objections made. In other words, the Response filed June 23, 2005, according to MPEP 714.04, is fully responsive.

Since Applicants filed a completely responsive reply under 35 U.S.C. 132 on June 23, 2005, and have not yet received a substantive response within four months of that date (i.e., before October 23, 2005), Applicants respectfully submit that 37 CFR 1.702(a)(2) entitles the subject application to a patent term extension.

Nevertheless, solely in order to avoid further unnecessary delay in the prosecution of the subject application, Applicants state that Seaman also fails to teach the following claim 14 limitation (as amended):

creating via software stored on said computer a derivative instrument coupled to said debt security providing an option to an issuer of said debt security to purchase shares at a select price at a future date, wherein said derivative instrument is itself contingent and may be canceled prior to said future date and payment for said derivative instrument is provided on an installment basis, with future payment obligations extinguished upon cancellation

No fee is believed to be due with this Response. However, if any fee is due, please charge that fee to Deposit Account No. 50-0310.

Respectfully submitted,

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